

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

AGR-05 IGA-02 OPIC-03 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 PRS-01 L-03 H-02 XMB-02 /080 W

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R 110800Z MAR 76

FM AMEMBASSY KIGALI

TO SECSTATE WASHDC 3944

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ALSO PASS OPIC AND IFC

E.O. 11652: N/A

TAGS: EINV, RW

SUBJECT: RWANDA TEA PROJECT

1. BEGIN SUMMARY - EXCHANGE CORRESPONDENCE BETWEEN MINFIN - WERTHEIM HOPEFULLY REMOVES FINAL LEGAL HURDLE TO FORMATION COMPANIES SCHEDULED LATER THIS MONTH TO FINALIZE INVESTMENT. RECOMMENDATION: EMB RECOMMENDS MINFIN LETTER BE FINAL DOCUMENT REQUIRED FROM GOR PRIOR PROJECT START-UP. END SUMMARY

2. MINFIN LTR - FOLLOWING SENSITIVE AND OCCASIONALLY HEATED DISCUSSIONS OVER ANY MINFIN NECESSITY CONFIRM PROVISIONS FEB. 1975 AGREEMENT RELATING INVESTMENT CODE ADVANTAGES TO RWANDAN-ORGANIZED COMPANIES, WERTHEIM RECEIVED MINFIN LTR DTD MARCH 8 WHICH INCLUDES FOLLOWING OPERATIVE PROVISIONS (INFORMAL TRANSLATION):

--...MY LETTER...OF JANUARY 7, 1976, NOTED MY AGREEMENT WITH REGARD TO IMPORTATION FREE OF DUTY OF EQUIPMENT AND MATERIAL DESTINED FOR CYOHOHA-RUKERI FACTORY. THAT CORRESPONDS REGIME A OF INVESTMENT CODE.

--ARTICLES 16, 17 AND 18 OF FEBRUARY 1975 AGREEMENT, WHICH
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HAVE NEVER BEEN CONSIDERED DOUBTFUL, PROVIDE AN ENTIRE SERIES

OF ADVANTAGES. ARTICLE 16 IN PARTICULAR GIVES YOU BENEFIT OF REGIME B OF THE INVESTMENT CODE.

--I BELIEVE THESE ADVANTAGES ARE SUFFICIENT AND THAT THERE IS THUS NO QUESTION RELATING TO ALL THE ADVANTAGES YOU HAVE (PREVIOUSLY-ED.) REQUESTED, THAT IS TO SAY REGIMES C & D. ALL THINGS CONSIDERED YOU WILL AGREE WITH ME YOU HAVE BEEN ACCORDED THE MAXIMUM ADVANTAGES UNDER OUR INVESTMENT CODE.

--IT HAS ALSO NEVER BEEN MORE TRUE THAT UNTIL TODAY, NO RWANDAN COMPANY HAS BEEN ABLE TO BENEFIT FROM SUCH ADVANTAGES -- ABOVE ALL FOR SUCH MARGINAL SUMS AS WE'RE DISCUSSING.

--I HOPE TO HAVE CLARIFIED THE PROBLEMS YOU POSED AND THAT THE PROJECT WILL NOW PROCEED WITHOUT FURTHER DELAYS.

3. WERTHEIM LTR - ALTHOUGH MINFIN LETTER IMPLIES THAT INVESTMENT CODE WILL APPLY TO PROJECT-RELATED RWANDAN COMPANIES, WERTHEIM BELIEVED MORE EXPLICIT ASSURANCE SHOULD BE RECEIVED IN VIEW OPIC/IFC CONCERNS. FURTHER MEETING WAS THUS ARRANGED BY AMB (WITH GREAT DIFFICULTY) FOR MARCH 10.

4. WERTHEIM REPORT THIS MEETING FOR OPIC/IFC IS AS FOLLOWS:

BEGIN QUOTE DURING MEETING MARCH 10, I ASKED FOR CLARIFICATION TO CONFIRM THAT MINFIN LTR MEANS THAT BENEFITS AND ADVANTAGES OF THE CONTRACT AND REGIMES A & B OF INVESTMENT CODE APPLY TO THE THREE RWANDAN COMPANIES. MINFIN CONFIRMED THIS VERBALLY. HE SUBSEQUENTLY ACCEPTED LETTER FROM ME RECORDING MY UNDERSTANDING OF HIS INTERPRETATION. MY LETTER CONTAINS PARAGRAPH READING AS FOLLOWS: BEGIN INNER QUOTE I HOPE THAT YOU WILL INDICATE YOUR AGREEMENT WITH THESE INTERPRETATIONS, BUT IN THE ABSENCE OF A RESPONSE TO THE CONTRARY, I WILL ASSUME THAT THESE ARE ACCEPTED. END INNER QUOTE. I AM CONVINCED THAT THIS IS THE BEST THAT CAN BE DONE. IT IS ACCEPTABLE TO ME AND I HOPE IT WILL ALSO SATISFY YOU AND IFC. END QUOTE

5. EMB COMMENT - I FULLY SHARE WERTHEIM ASSESSMENT. WHILE NO SINGLE DOCUMENT MAY PRECISELY MEET OPIC OR IFC LEGAL CRITERIA, I SUGGEST THAT APPROPRIATE DOCUMENTS (FEB. 1975 ACCORD, MINFIN LTRS JAN. 15 AND MARCH 8, PLUS WERTHEIM LTR MAR 10 NOTING CONVERSATION SAME DATE) BE CONSIDERED IN THEIR LIMITED OFFICIAL USE

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TOTALITY AS ADEQUATE CONFIRMATION. IN MY JUDGMENT IT WILL NOT BE POSSIBLE TO REQUEST ANY FURTHER GOR WRITTEN COMMUNICATIONS ON THIS SUBJECT (IT IS POSSIBLE BUT NOT PROBABLE THAT MINFIN WILL RESPOND TO WERTHEIM LTR). INDEED, I BELIEVE NO FURTHER DOCUMENTS WILL BE FORTHCOMING FROM GOR UNTIL IT IS CONVINCED BY VISIBLE LOCAL ACTIVITY THAT PROJECT IS ACTUALLY UNDERWAY.

6. DURING COURSE OTHER MEETINGS DESIGNED FACILITATE MINFIN RESPONSE, AMB AND WERTHEIM CALLED ON PRESSEC GEN BUREGEYA WHO RE-STATED THAT GOR POLICY IS FOR WERTHEIM PROJECT TO PROCEED. WE ALSO BELIEVE MINFIN CONSULTED RWANDAN PRESIDENT DIRECTLY. MINFIN'S WRITTEN AND ORAL COMMENTS THUS BEAR FULL CREDENCE.

7. WERTHEIM SCHEDULE - WERTHEIM DEPARTS KIGALI MARCH 11 FOR NAIROBI AND WILL SPEND SEVERAL WEEKS KENYA ON FACTORY DESIGN AND PROCUREMENT MATTERS. HE THEN INTENDS RETURN KIGALI FOR FORMAL ORGANIZATION COMPANIES. OPIC/IFC RESPONSE TO WERTHEIM ASSESSMENT CONTAINED PARA. 3 SHOULD THUS BE CABLED EMB NAIROBI (FOR COMMERCIAL ATTACHE) AS WELL AS EMB KIGALI.

8. DOCUMENTS - EMB POUCHING COPIES MINFIN-WERTHEIM LTRS TO OPIC (PARNELL).

9. THE BASICS - WERTHEIM VISITED CYOHOHA-RUKERI AREA OVER WEEKEND. HE AND MINFIN AGREE QUALITY AND YIELDS APPEAR "UNPRECEDENTED" FOR RWANDA AND VIRTUALLY UNEQUALED ELSEWHERE IN WORLD.

10. DECONTROL ON RECEIPT. FRITTS

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